

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

June 22, 2004

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FROM: Clifford O. Young, Fifth District Supervisor
Board of Supervisors

SUBJECT: ALLOCATION FROM 2003-04 PRIORITY POLICY NEEDS BUDGET

RECOMMENDATION:

1. Approve a \$45,000 allocation from the County's 2003-04 Priority Policy Needs budget to the Department of Economic and Community Development for use as seed money to fund a forum/workshop directed at high growth entrepreneurship.
2. Replace Priority Policy Needs funds with any seed money that is repaid and 50% of the net proceeds, if any, and direct any recovered funds into the County's FY 2004-05 Priority Policy Needs budget for Priority Policy Needs in the Fifth District.
3. Authorize the Auditor/Controller to increase FY 2004-05 appropriations and transfers by \$45,000 as follows: (Four Votes Required)

<u>Description</u>	<u>Accounting Codes</u>	<u>Amount</u>
Special Department Exp	AAA-ECD-ECD-200-2135	\$45,000
Transfers In	AAA-ECD-ECD-541-5013	\$45,000

BACKGROUND INFORMATION: As part of the 2003-04 budget process, the Board of Supervisors established a budget to finance unbudgeted priority policy needs as identified by the Board throughout the fiscal year. In establishing this budget, the Board required specific approval of projects identified for funding. The project listed above has recently been identified for funding consideration from the Priority Policy Needs Budget.

Angel Capital Electronic Network (ACE-Net) began as an initiative that grew out of the 1995 White House Conference on Small Business and is currently the largest facilitator of private investment in America. A non-profit 501(c)(3), ACE-Net was created to conduct networking, educational, training, and research activities that assist both investors and entrepreneurs. This organization provides the mentoring and education needed by the entrepreneurs and inexperienced angels (investors with non-management interests), and helps individual accredited investors, small business incubator corporations, and institutional venture capitalists to connect with small growing companies for ongoing training and research - all to enhance the business skills of entrepreneurs and small investors.

ACE-Net has been identified as a leading provider, with national status, for these types of educational services. ACE-Net also has specialized services to facilitate the flow of information between small businesses, entrepreneurs, and investors. In addition, ACE-Net has a local chapter in San Bernardino. Because of this ACE-Net was selected as a sole source provider to develop and facilitate this forum/workshop.

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In association with the County, ACE-Net will host a forum/workshop to develop and facilitate the funding of high growth entrepreneurship. This program will act as a catalyst and focal point for accredited investors in San Bernardino County and its surrounding areas to identify, perform due diligence, value, and conclude good deals. This County sponsored forum/workshop is not designed to be a source of clients or business for attorneys, consultants, brokers, dealers, or any others who charge fees for services to entrepreneurs or investors.

The seed money of \$45,000 is needed to develop the sponsorships and logistics for this forum/workshop. Some, if not all, of the seed money is expected to be recuperated through ticket sales and sponsorships. If there are net proceeds it will be divided between the County and ACE-Net on a 50-50 basis, after the seed money has been repaid. Any proceeds collected by the County through this venture will be deposited into the County's 2004-05 Priority Policy Needs budget for Priority Policy Needs in the Fifth District. The need to facilitate the growth of entrepreneurial investment and investors within the County has been identified as a priority policy need to be funded by this budget.

Approval of recommendation #1 will allocate \$45,000 from the Priority Policy Needs budget to the Department of Economic and Community Development (ECD) for this purpose. ECD will draft an agreement with ACE-Net and bring the agreement to the board for approval. Approval of recommendation #2 will replace Priority Policy Needs funds if net proceeds become available. Approval of recommendation #3 will increase the ECD FY 2004/05 appropriation to cover this additional expense. As we are at the end of FY 2003/04 ECD will not be able to prepare a contact with ACE-Net and expend these funds until FY 2004/05.

REVIEW AND APPROVAL BY OTHERS: This item was reviewed by County Counsel (Rex Hinesley, Chief Deputy County Counsel, 387-5480) on June 11, 2004; the Department of Economic and Community Development (Tom Laurin, Director, 388-0808) on June 15, 2004; and the County Administrative Office (Patricia M. Cole, Administrative Analyst III, 387-5346) on June 9, 2004.

FINANCIAL IMPACT: This action obligates \$45,000 from the 2003-04 priority policy needs budget. Approval of Recommendation No. 3 will adjust the 2004-05 Department of Economic and Community Development budget to provide sufficient appropriation authority for the project to proceed. Any recovered seed money and 50% of any net proceeds shall be deposited into the County's 2004-05 Priority Policy Needs budget for Priority Policy Needs in the Fifth District.

SUPERVISORIAL DISTRICT(S): Fifth

PRESENTER: Clifford O. Young, 5TH District Supervisor (387-4565)

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